United Nations A/C.2/63/4

General Assembly

Distr.: General
10 October 2008

Original: English

Sixty-third session
Second Committee
Agenda item 51
Globalization and interdependence

Letter dated 17 September 2008 from the Chargé d'affaires a.i. of the Permanent Mission of the Dominican Republic to the United Nations addressed to the President of the General Assembly

I have the honour to transmit to you the Declaration that was adopted as the outcome document of the First Workshop-Conference on Energy & Development, with the theme "Oil Speculation", which took place in Santo Domingo, Dominican Republic, on 30 August 2008 (see annex).

The Conference brought together journalists, economists and energy experts from the Dominican Republic, the United States of America and other countries from the Latin American and Caribbean region, and innovatively combined the analysis of experts and economists with the capacity of journalists to widely disseminate and communicate the increasingly urgent and complex issue of excessive speculation and price manipulation in the international commodities futures markets, particularly including oil and its derivatives, with an emphasis on the impact these have had on increasing prices of energy and food commodities and the achievement of the Millennium Development Goals.

The Conference was convened by the Presidential Commission on the Millennium Development Goals and Sustainable Development (COPDES) of the Government of the Dominican Republic, an entity created with the mandate of coordinating multi-stakeholder cooperation towards achieving the Millennium Development Goals, and Fundación Global Democracia y Desarrollo (FUNGLODE), an international research-based think tank with offices in Santo Domingo, Dominican Republic, New York City, Washington, D.C. and Madrid, Spain, in consultative status with the Economic and Social Council, the United Nations Conference on Trade and Development and the United Nations Educational, Scientific and Cultural Organization.

The keynote address was delivered by Professor Michael Greenberger of the University of Maryland in the United States of America, who has specialized in the study of futures, options and derivatives in the international financial markets and the impact that deregulation in these markets has had on financing development. His Excellency Dr. Leonel Fernandez, President of the Dominican Republic, also

08-54623 (E) 201008

BEST COPY AVAILABLE

addressed the Conference. President Fernandez considered the international gathering a watershed moment towards assessing the effects that excessive speculation and price manipulation in the international financial markets have had on the achievement of the Millennium Development Goals by way of inhibiting Governments from making important public investments in infrastructure, health, education, women's empowerment, and the environment, due to increasing energy costs and food prices.

The Conference provided a stimulating opportunity for a variety of stakeholders to examine the impact that excessive speculation, price manipulation and deregulation in financial markets at the international level have had on the Millennium Development Goals, and to formulate recommendations for general attention and for action by the United Nations and its Member States. Participation by journalists, economists, academics and strategic communications experts was especially welcome, and participation by the different stakeholders made this Conference a unique gathering. It strengthened the deliberations, facilitated networking and assisted in formulating the elements of the resulting Declaration.

The rich discussions and practical proposals of the Conference were valuable to the participants, and the implementation of these should be beneficial.

I should be grateful if you would have the present letter and its annex circulated as a document of the United Nations for consideration by all its Member States.

Enriquillo **del Rosario Ceballos**
Ambassador
Chargé d'affaires a.i.

Annex to the letter dated 17 September 2008 from the Chargé d'affaires a.i. of the Permanent Mission of the Dominican Republic to the United Nations addressed to the President of the General Assembly

Declaration

The First Workshop-Conference on Energy & Development with the theme of "Oil Speculation", held in Santo Domingo, Dominican Republic, 30 August 2008,

Representing major stakeholder groups including academia, the private sector, civil society, government, and the press corps;

Grateful to the President of the Dominican Republic, His Excellency Dr. Leonel Fernandez, for honouring this conference with his presence and statement,

Further grateful to Dr. Michael Greenberger, professor of the University of Maryland in the United States of America, for honouring this conference with his presence and keynote address,

Appreciative of the efforts of the Government of the Dominican Republic, particularly the Presidential Commission on the Millennium Development Goals and Sustainable Development (COPDES), and the Fundación Global Democracia y Desarrollo (FUNGLODE),

Bearing in mind the Report of the expert meeting on trade and development implications of financial services and commodity exchanges of the Commission on Trade in Goods and Services, and Commodities of the UNCTAD Trade and Development Board TD/B/COM.1/EM.33/4 of 15 November 2007,

Acknowledging the important reference of the UNCTAD XII Accra Accord UNCTAD/IAOS/2008/2 to an "enabling State", as an administrative and political means, to play a stronger role in the market in times of financial crisis and speculation;

Recognizing that speculation has existed in commodity futures markets since the 1890s where farmers secured pricing for agricultural inputs and products, leading to challenges in 1892, where U.S. farmers complained to government agencies and legislators that market speculators were betting on prices of agriculture products and excessively increasing agricultural commodity prices beyond control;

Further recognizing that the international economic crisis of the Great Depression of the 1930s encouraged governments to take action, leading to the formation of the Commodity Exchange Act (CEA) of the United States of America in 1936, which placed limits on market speculators and prevented price distortion, market manipulation, and the increasing cost of agricultural products;

Further acknowledging that commodities futures markets functioned smoothly from 1936-2000, during which agricultural futures markets expanded to the energy and metals industries;

Noting that market fundamentals of supply and demand were challenged by a decrease in the price of oil per barrel from US $147 on 17 July 2008, to approximately US $110 by mid-August 2008, as a result of limits on the production of crude oil supply created by the conflict between the Russian Federation and Georgia and hurricanes Fave, Gustav, Hanna, and Ike;

Taking into account that the only factor, between 1st July and mid-August 2008, that led to a more than US $35 decrease in the price of a barrel of oil, was the multiple congressional hearings and meetings in the United States of America, all of which investigated allegations that market speculators were facilitating increases in the price of oil and food commodities, placing the achievement of the Millennium Development Goals in jeopardy;

Having examined that prior to market deregulation stipulated in the Commodity Futures Modernization Act (CFMA) of the United States of America of 2000, the price of a barrel of oil was approximately US $18; increasing to US $147 in just seven years in July 2008;

Having considered further that as of January 2006, the world market price of a barrel of oil went from approximately US $40 to US $147 by July 2008;

Recalling that legal courts in the United States of America discovered in May 2002, that the private corporation Enron and its computerized trading engine "Enron Online", were responsible for excessive speculation and price manipulation in the energy commodity markets;

Affirming that regulatory mechanisms of international financial markets need to be reformed and strengthened at the global and national levels, including those of the Commodity Futures Trading Commission (CFTC) of the United States of America and the Financial Services Authority (FSA) of the United Kingdom of Great Britain and Northern Ireland;

Wishing to convey to the Secretary-General of the United Nations information and proposals for consideration at the High-level Meeting on the Millennium Development Goals to be held 25 September 2008 at United Nations Headquarters,

1. *Notes* that consensus has begun to develop that excessive speculation in the commodities futures markets is a grave challenge to financing for development and achieving the Millennium Development Goals;

2. *Affirms* that Congress of the United States of the America appended a 262-page bill entitled the Commodity Futures Modernization Act (CFMA) to an 11,000-page omnibus appropriations law in December 2000, which completely eliminated limits on market speculation, leading to a 300% increase in the price of electricity in the States of California, Oregon, and Washington, which increased the cost of electricity in the State of California US $20 Billion (from US $7 Billion in 1999, to US $27 Billion in 2000);

3. *Considers* that the current price of a barrel of oil should not exceed US $35 to US $80, based upon experts' estimates, and any earnings acquired from price increases beyond these estimates contribute to increasing wealth for market speculators from investment banks, hedge funds, and pension funds while exacerbating inequality and extreme poverty;

4. *Proclaims* that a coalition of oil consuming nations with the common position that excessive speculation should be limited and regulated would help decrease the price of oil;

5. *Expresses its hope* that the General Assembly would adopt a resolution to establish a universal principle that financial markets cannot be distorted or manipulated, without being supervised by regulators;

6. *Confirms* that the quickest short-term solution to the increasing prices of oil is to combat excessive speculation in the commodities futures markets;

7. *Transmits* that no incentive exists for Organization of the Petroleum Exporting Countries (OPEC) to increase production while speculation is facilitating price increases, especially when investment banks in the United States of America including Goldman Sachs predict the price of oil will increase to US $200 per barrel by 31 December 2008;

8. *Reminds* that in the midst of the increase of the price of oil to US $147, Saudi Arabia promised it would increase production, resulting in a US $5 increase per barrel the following day, despite this country's announcement;

9. *Further confirms* that combating excessive speculation would begin to drive down the price of oil while creating an incentive for production by Organization of the Petroleum Exporting Countries (OPEC);

10. *Further affirms* the existence of a correlation between the increasing price of energy (as a result of excessive speculation and price manipulation in commodities futures markets) and increasing food prices, placing financing for development and achieving the Millennium Development Goals at risk in middle-income and least developed countries;

11. *Requests* the High-level Meeting on the Millennium Development Goals to give particular attention to the proposals in this Declaration, which represent a unique contribution from parties representing or active in relation to these matters in the Latin America and Caribbean region.